




Utah State Building Board

Jon M. Huntsman, Jr.
Governor

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MEMORANDUM

To: Utah State Building Board
From: David G. Buxton 
Date: April 8, 2009
Subject: Approval of Minutes of January 7, 2009, and February 2, 2009

Attached for your review and approval are the meeting minutes of the Utah State Building Board meetings held January 7, 2009, and February 2, 2009.

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Attachment

Utah State Building Board



MEETING

January 7, 2009

MINUTES

Utah State Building Board Members in attendance:

Larry Jardine, Chair
Steve Bankhead
Kerry Casaday
Wilbern McDougal
Mel Sowerby
Manuel Torres

DFCM and Guests in attendance:

Gregg Buxton	Division of Facilities Construction & Management
Kurt Baxter	Division of Facilities Construction & Management
Shannon Elliott	Division of Facilities Construction & Management
John Nichols	Division of Facilities Construction & Management
Alan Bachman	Attorney Generals Office/DFCM
Kimberly K. Hood	Department of Administrative Services
Ken Adlam	AIA Utah
Chris Coutts	Architectural Nexus
Keri Hammond	EDA Architects
Liz Phelps	Eckman and Mitchell Construction
Jenny Sasich	MHTN
Bob Askerlund	Salt Lake Community College
Ben Berrett	Utah State University
Darrell Hart	Utah State University

On Wednesday, January 7, 2009, the Utah State Building Board held a regularly scheduled meeting in C445 of the Utah State Capitol, Salt Lake City, Utah. Chair Larry Jardine called the meeting to order at 9:00am.

☐ **APPROVAL OF MINUTES OF DECEMBER 3, 2008.....**

Chair Jardine sought a motion on approval of the meeting minutes for the meeting held December 3, 2008.

MOTION: Manuel Torres moved to approve the meeting minutes of December 3. The motion was seconded by Mel Sowerby and passed unanimously.

❑ LONG TERM LEASE REQUEST FOR DEPARTMENT OF CORRECTIONS, DIVISION OF ADULT PROBATION AND PAROLE, AND THE DEPARTMENT OF PUBLIC SAFETY, UTAH HIGHWAY PATROL

John Nichols, DFCM, requested the Board approve the request for a 10-year lease with one 10-year renewal option for the Department of Corrections, Division of Adult Probation and Parole, and the Department of Public Safety, Utah Highway Patrol. The lease cost is \$14,756 per year for approximately 900 square feet.

MOTION: Steve Bankhead moved to approve the long term lease request for Department of Corrections, Division of Adult Probation and Parole, and the Department of Public Safety, Utah Highway Patrol. The motion was seconded by Mel Sowerby and passed unanimously.

❑ REALLOCATE UNALLOCATED ROOFING FUNDS TO DFCM EMEGENCY HAZMAT ACCOUNT

Kurt Baxter recommended that the Building Board reallocate \$200,000 from the Emergency Roofing Account to DFCM Emergency Hazmat Account. DFCM has had several unknown abatement projects during FY 2009 and funds have been depleted. DFCM needs to proceed with abatement in order to allow projects to proceed. This would leave approximately \$400,000 in the roofing account.

MOTION: Mel Sowerby moved to reallocate \$200,000 from the roofing fund to the DFCM Emergency Hazmat Account. The motion was seconded by Steve Bankhead and passed unanimously.

❑ UNIVERSITY OF UTAH UNIVERSE PROJECT, OTHER FUNDS PROJECT.....

Michael Perez, University of Utah, returned to the Board to share further information on the Universe project previously presented during a closed session at the December meeting. The University was requested to return with further details in order to receive approval as an other fund project for this legislative session.

The University has executed a letter of intent with the developer, Inland American, identifying guidelines and structures for a client lease to be entered into at the conclusion of the masterplanning and development of the project. Mr. Perez provided the parameters of the deal during the closed session.

The Universe project is valued at approximately \$71 million for the full project cost and will involve 350,000 square feet of new space. Approximately 200,000sf will be used for apartments, 85-89,000sf is allocated for retail and 40,000sf is office space for University

use. The University requested the Building Board and the Legislature approve approximately \$280,000 a year in O&M for the office space. The office building will be used for University purposes through continuing education, student recruitment, and student admissions.

Manuel Torres asked if there would be classroom space in the project. Mr. Perez responded that Continuing Education does have administrative functions, but it is anticipated there will be Continuing Education instruction in the facility.

The terms of ownership transfer to the University for the structure is a 60 year term. The University and developer improvements will revert back to the University after 60 years. The parking structure will belong to the University at the end of construction. The office building will be a lease purchase arrangement where the University may own it within 30 years.

The University involved their attorneys, outside counsel, consultants and University staff to negotiate the letter of intent. They are excited about the considerations they will be receiving and think it is of immense value for all concerned.

Steve Bankhead was concerned that with the 40,000 square feet that will be authorized this year in other funded projects, the Building Board will have approved 290,000sf of space for the University of Utah, not including the hospital or medical school. Because of the capacity of the University of Utah to raise funds and have the self funded projects, he felt other higher education institutions are getting short changed although they have similar needs. He hoped the Building Board could look at the growing imbalance in infrastructure for other institutions in the state in the future.

Gregg Buxton asked if it would de-rail the project if the O&M was not approved. The Building Board has approved almost \$2 million in O&M increases in a year when budget cuts are inevitable. Ken Nye, University of Utah, commented that the O&M will not be funded during this legislative session or most likely next legislative session. The project is not expected to be completed until 2012 for the full project. Mr. Nye emphasized this will provide construction activity to the economy over the next few years.

MOTION: Steve Bankhead moved to approve the Universe project for the University of Utah. The motion was seconded by Kerry Casaday and passed unanimously.

☐ **UNIVERSITY OF UTAH INFRASTRUCTURE IMPROVEMENT**

The USTAR project will be constructed on the University golf course in the area of the ninth tee box. The Governing Authority has provided the state \$100 million with the University contributing \$30 million for the \$130 million project. Because it is a greenfield site, there are no utilities in the immediate area. The location was determined by campus masterplan and is well sited for future development in the center of the interdisciplinary district.

Adjacent to this will be the expansion of the hospital and continuing growth within the context of the master plan.

In the consideration of construction of USTAR One, it has become evident that infrastructure will be needed for further development in the years to come. The University has considered smart infrastructure installation this year that will anticipate long term development over the next 25 years.

In the programming of USTAR One, the University has determined an infrastructure package that is valued at \$38 million. Of the \$38 million, \$12.3 million is the cost to USTAR One, which has been approved by the Governing Authority. There is still \$25.7 million needed for infrastructure for future development. Another \$16-17 million would be needed totaling a \$40-44 million infrastructure project.

The University of Utah is going to request bonding authority from the legislature that will be backed by research overhead. As future buildings are constructed, they will have an impact fee or connection fee to contribute to retiring the bond. The University has agreed to assume the financial burden through bonding and it has been approved by the Trustees and the Board of Regents.

Mel Sowerby felt the debt service on a \$44 million bond was rather large to be carried by research overhead funds. Mr. Perez responded the research overhead funds would cover approximately \$3 million a year. The research overhead would also not be exclusive to USTAR, but would be the overhead of the comprehensive university research system. The ESCO component will generate savings from central plant operations in lieu of current expensed for fuel and power with the independent chillers. The combination of the research overhead funds and the ESCO component should cover the debt service.

Gregg Buxton felt the infrastructure may be better served by doing an infrastructure development project rather than a revenue bond. A revenue bond would take funds away from the researchers which may slow the research down. Mr. Buxton was uncomfortable with including the infrastructure in the USTAR project. Mr. Perez felt it was a timing issue and this was the best approach for the campus.

Kim Hood questioned the amount from the ESCO savings. Mr. Perez responded that Chevron Services had done an engineering analysis on ten buildings on the west side that currently have independent water and air cooled chilling systems to determine the net present value savings if they were detached from the current operations and attached to a central plant. The engineering analysis and projected cost savings is what led them to the need for the additional \$16 million for the infrastructure.

Gregg Buxton stated there is definitely a long range savings and benefit to the campus, but the financial impact on USTAR also needed to be examined. Mr. Perez stated the current financial model suggested that the upgraded buildings connecting to the new central plant system would contribute to the new infrastructure.

MOTION: Kerry Casaday moved to approve the University of Utah's infrastructure improvement as an other funded project.

Ken Nye, University of Utah, clarified that what the University is proposing is essentially what has been done with ESCOs over the last 10 years. The program was set up in statute and then re-established with the energy building. The legislation essentially applies to savings resulting from an ESCO project and that preserves those savings within the budget for debt service payments and rate adjustments. Revenue bonds have been used in the past for ESCO projects both at the University of Utah and Utah State University.

Michael Perez reminded the Board that the project would not exceed \$44 million. The analysis and assumptions provided an ESCO component and a non-ESCO component. He offered to return with the expenses and strategies to deal with the two components.

The Building Board agreed to postpone consideration of the project until further information was provided. The University of Utah will continue to direct the design team with the concept of the proposed infrastructure.

□ ADMINISTRATIVE REPORTS FOR UNIVERSITY OF UTAH AND UTAH STATE UNIVERSITY

Ken Nye, University of Utah, provided the administrative report for the period of November 14 to December 15, 2008. There were two design agreements and two study agreements awarded for the period. The University provided a direct award design agreement for \$72,000 to NJRA Architects for the Physics Department Renovation Phase I.

There were three large draws from the contingency fund for the period. There was \$39,435 decrease for HEDCO Fume Hood Upgrade to remove an existing fume hood that was determined to no longer be needed or viable and the replacement of ceilings and lighting fixtures following asbestos abatement. There was a \$194,634 decrease for the MEB Fume Hood Upgrade primarily to cover the cost of abating hazardous materials that exceeded the original expectations. There was also a decrease of \$130,627 for the Park Building Exterior Restoration to cover the cost of abating hazardous materials that were not anticipated.

MOTION: Mel Sowerby moved to accept the administrative report for the University of Utah. The motion was seconded by Wilbern McDougal and passed unanimously.

Ben Berrett, Utah State University, presented the administrative report for the period of November 12 to December 11, 2008. There was one professional contract and three construction contracts awarded for the period.

Three projects were held due to the FY09 budget cuts including the Water Lab Fume Hood Upgrade, the Eccles Conference Center/Business Walkways, and Natural Resources

Siding. Previous transfers to the contingency reserve have been reversed to reflect the cuts.

Of USU's 66 current projects, five are in the design/study phase, 34 in construction, 23 substantially complete, one on hold and three pending.

MOTION: Manuel Torres moved to approve the administrative report for Utah State University. The motion was seconded by Mel Sowerby and passed unanimously.

☐ **ADMINISTRATIVE REPORTS FOR DFCM**

Kurt Baxter presented the administrative report for DFCM for the period of November 13 to December 8, 2008. There were 12 new architect/engineering agreements and 16 construction contracts awarded for the period.

There was a \$501,120 decrease to the contingency reserve fund to cover change order #7 for the Utah State Developmental Center New Housing Units.

In the project reserve fund there was a decrease of \$257,736 for award the final bid package on the St. George New Courthouse.

☐ **ADJOURNMENT**

MOTION: Manuel Torres moved to adjourn at 10:35am. The motion was seconded by Mel and passed unanimously.

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Utah State Building Board



MEETING

February 2, 2009

MINUTES

Utah State Building Board Members in attendance:

Larry Jardine, Chair
Kerry Casaday, Vice Chair
Cyndi Gilbert
Wilbern McDougal
Mel Sowerby
Manuel Torres

DFCM and Guests in attendance:

Gregg Buxton	Division of Facilities Construction & Management
Kurt Baxter	Division of Facilities Construction & Management
Shannon Elliott	Division of Facilities Construction & Management
John Nichols	Division of Facilities Construction & Management
Alan Bachman	Attorney Generals Office/DFCM
Kimberly K. Hood	Department of Administrative Services
Alyn Lunceford	Courts
Keith Davis	Human Services
Peggy Grusendorf	Utah State Hospital
Cory Higgins	University of Utah
John McNary	University of Utah
Eric Tholen	AIA Utah
Christine Coutts	Architectural Nexus
Sarah Parris	BNA Consulting
John Diamond	Diamond Phillips
Rick Stock	Dunn Associates
Cynthia Cook	FFKR Architects
Julee Attig	Henriksen/Butler
Jennifer Sasich	MHTN Architects
Jackie McGill	Spectrum Engineers
Linda Hone	Van Boerum and Frank
Brent Tippets	VCBO Architects

On Monday, February 2, 2009, the Utah State Building Board held a regularly scheduled meeting in the Senate Building Copper Room, Salt Lake City, Utah. Chair Larry Jardine called the meeting to order at 11:00am.

☐ **PLANNING AND PROGRAMMING FOR SECOND DISTRICT JUVENILE COURTS FACILITY**

Alyn Lunceford, Utah State Courts, requested that the Building Board authorize planning and programming services for the Second District Juvenile Courts Facility in Ogden. The Legislature previously funded property acquisition for that project in the 2008 session. The property has been acquired and ready for site planning. The prototypical building planning will cost \$30,000 available through Courts.

MOTION: Cyndi Gilbert moved to approve planning and programming services begin for the Second District Juvenile Courts Facility in Ogden.

Mel Sowerby questioned if \$30,000 was enough to cover planning. Mr. Lunceford responded it was adequate due to the prototype building which saves considerable time and money.

The motion was seconded by Kerry Casaday and passed unanimously.

☐ **USTAR INFRASTRUCTURE PROJECT APPROVAL**

Michael Perez, University of Utah, returned to project further information on the other funds project for an infrastructure development in the green field site for USTAR One and future development. Four 200,000sf facilities are anticipated, along with the Ambulatory Care Complex. There is also the potential for a partnership with Primary Childrens Hospital which may utilize some of the infrastructure. To address the expansion, the University of Utah desires to build an appropriate infrastructure to accommodate the new buildings. Mr. Perez felt building an adequate infrastructure now was needed for efficiencies.

USTAR has been allocated \$12.1 million, but the University has been challenged with how to pay for the remaining portion of the \$44 million project. The University plans on incorporating an impact fee for all future buildings on the green field. However, until those buildings are built, the debt service would be guaranteed by research overhead from the entire university research system. It is anticipated that the debt service would be a 25-30 year term.

Included in the \$44 million project is a chilled water plant that will have thermal water storage as a type of efficiency element. They will be connecting to this plant with nine existing buildings on the west side of campus that currently have inefficient systems. Those buildings will bring cost savings that contribute to the debt service.

Although the engineering analysis is still underway, the preliminary analysis indicates the cost savings and research overhead amount to \$25 million of the \$44 million. The University is working with financial advisors with Wells Fargo to review the financial analysis.

Mel Sowerby asked for further clarification of the breakdown of the \$44 million. Mr. Perez stated the programming for USTAR One determined a projected cost of \$25 million plus the \$12.1 million allocated for USTAR One. The addition of the expanded chill water plant and the energy efficiencies from the west side of campus will cost approximately \$15 million. The other miscellaneous infrastructure improvements, relocation of some satellite dishes, and a slight extension of tunnels not included in the programming will total the \$44 million for the project and future developments.

MOTION: Kerry Casaday moved to approve the USTAR Infrastructure as a non-state funded project.

Mr. Perez clarified that the debt service would be provided by the research overhead of the entire university system. This would guarantee the debt until other impact fees applied.

Kimberly Hood, Department of Administrative Services, questioned if additional savings could be generated through the upgrade of systems for the nine existing buildings on the west campus. Mr. Perez responded any savings from those particular buildings could go toward an ESCO which result from a combination of energy savings and the research overhead coupled with impact fees to attach to the chiller plant.

The motion was seconded by Mel Sowerby and passed unanimously.

☐ ADJOURNMENT

The Board adjourned until 2:00pm when they would meet with the Capital Facilities and Government Operations Subcommittee.

MOTION: Mel Sowerby moved to adjourn at 11:35am. The motion was seconded by Manuel Torres and passed unanimously.

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